

Message Text

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ACTION ARA-20

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TAGS: LAFTA

SUBJ: LAFTA-SECOND INFORMAL MEETING OF CHIEFS
OF INTEGRATION LIMA 4 TO 6 OCTOBER

REF: STATE 198582

1. SUMMARY. ACCORDING TO LAFTA SOURCES FUTURE OF LAFTA SOLE TOPIC AT MEETING WITH LAFTA ANDEAN COMMON MARKET (ANCOM) MEMBERS MAKING GENERAL PROPOSALS FOR RATHER RADICAL CHANGES, INCLUDING LAFTA INTEGRATION FUND, AND BRAZIL ARGUING FOR CAUTION AND DETAILED NEGOTIATIONS TO BEGIN IN 1974, NOT 1973. URUGUAY AND PARAGUAY GENERALLY SUPPORTED ANCOM POSITIONS, MEXICO WAS USUALLY WITH BRAZIL AND ARGENTINA SELDOM INTERVENED. DISCUSSION WILL CONTINUE AT NEXT INFORMAL SESSION IN MONTEVIDEO ON NOVEMBER 22. WHILE DELEGATIONS REPRESENTED GOVERNMENTS, DISCUSSIONS WERE INFORMAL AND EXPLORATORY AND DID NOT NECESSARILY REFLECT OFFICIAL GOVERNMENT POSITIONS.

2. LIMA MEETING DISCUSSED THE PROTOCOL OF CARACAS AND NEGOTIATIONS FORESEEN UNDER ARTICLES 61 OF MONTEVIDEO TREATY, OR ARTICLES 3 AND 4 OF PROTOCOL OF CARACAS.

3. PROTOCOL OF CARACAS. URUGUAYAN DELEGATION STATED THAT RATIFICATION OF PROTOCOL UNDER STUDY BY COMPETENT AUTHORITIES (SOURCE SAYS RECENT HIGH LEVEL GOU MEETING LIMITED OFFICIAL USE

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APPROVED RATIFICATION). COLOMBIAN DELEGATION REPORTED

THAT NATIONAL CONGRESS APPROVED LAW EMPOWERING EXECUTIVE PROCEED WITH APPROVAL OF PROTOCOL BUT INDICATED THAT EXECUTIVE WOULD PROCEED ONLY IF DECISIONS WERE TAKEN TO PROCEED WITH SUBSTANTIAL REVISION OF MONTEVIDEO TREATY. DELEGATIONS OF ARGENTINA, BRAZIL, MEXICO AND PARAGUAY EXPRESSED CONCERN THAT IF PROTOCOL NOT IN EFFECT BY END 1973 JUDICIAL AUTHORITIES IN THEIR COUNTRIES MIGHT RULE AUTOMATIC END OF CONCESSIONS NEGOTIATED UNDER TREATY.

4. NEGOTIATIONS UNDER ARTICLE 6 OF MONTEVIDEO TREATY OR 3 AND 4 OF PROTOCOL OF CARACAS.

THIS ITEM PROVOKED MAJOR DEBATE BY ANCOM DELEGATION PRINCIPALLY WITH BRAZILIAN DELEGATION. ANCOM SET FORTH GENERAL PRINCIPLES THAT CONCESSIONS UNDER NATIONAL LISTS COULD BE WITHDRAWN BY ANDEAN PACT MEMBERS WHERE NEEDED TO SUPPORT SECTORIAL DEVELOPMENT PROGRAM, THAT OFFSETTING SPECIAL ARRANGEMENTS (E.G. COMPLEMENTATION AGREEMENTS) BE UTILIZED IN COMPENSATION; THAT AUTOMATIC TRADE LIBERALIZATION SCHEME BE STRENGTHENED; THAT INVESTMENT POLICIES BE HARMONIZED; THAT LAFTA SECRETARIAT BE STRENGTHENED; THAT SYSTEM TO FINANCE INTEGRATION BE ESTABLISHED; AND THAT SPECIAL ASSISTANCE BE GRANTED LESS DEVELOPED MEMBERS. BRAZIL, SOMETIMES SUPPORTED BY MEXICO, ARGUED THAT NEGOTIATIONS SHOULD NOT BEGIN UNTIL 1974 AND INSISTED THAT ANY CHANGES IN LAFTA MECHANISM OR CONCESSIONS MUST BE CONSIDERED ITEM BY ITEM ON OWN MERITS; THAT DIFFERENT POLICIES AMONG MEMBERS NOT NECESSARILY BAD; AND THAT MECHANISM OF SUSPENSION OR WITHDRAWAL NATIONAL LIST CONCESSIONS EXISTS UNDER PRESENT TREATY PROVISIONS.

5. PROCEDURES FOR NEGOTIATIONS WILL BE CONSIDERED AT NEXT INFORMAL MEETING TO BE HELD IN MONTEVIDEO NOVEMBER 22 DURING 13TH LAFTA CONFERENCE.

6. COMMENTS. BATTLE LINES FOR NEGOTIATIONS ON LAFTA FUTURE WERE TENTATIVELY DRAWN AT LIMA. ANCOM COUNTRIES SUPPORTED BY URUGUAY AND PARAGUAY SEEK MORE RAPID INTEGRATION MOVEMENT AND ARE USING COLOMBIAN RATIFICATION OF PROTOCOL OF CARACAS AS BARGAINING LEVER. BRAZIL IS FOREMOST EXPONENT LIMITED OFFICIAL USE

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OF STATUS QUO WITH ARGENTINA AND MEXICO HOLDING POSITIONS IN BETWEEN. SINCE UNANIMITY IS REQUIRED FOR ANY MAJOR INSTITUTIONAL CHANGE BRAZIL PROBABLY COULD FRUSTRATE ANCOM INITIATIVES, BUT IS MORE LIKELY TO MAKE SOME COMPROMISE PERMITTING MORE ACTIVE LAFTA INTEGRATION ROLE. LIST OF DELEGATIONS POUNCHED ANDERSON ARA/ECP. SIRACUSA

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